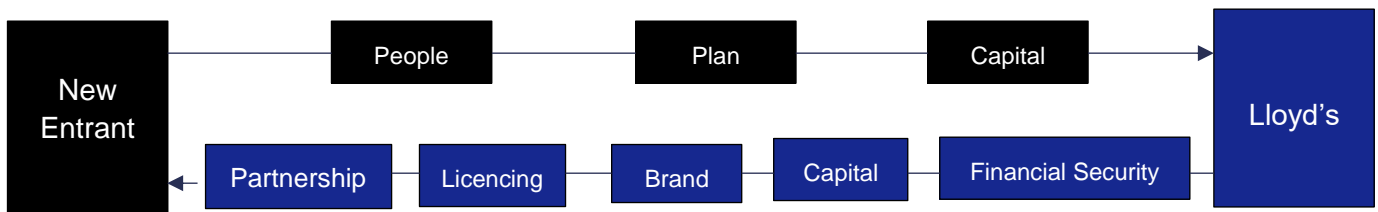


Developing a New Lloyd's Underwriting Business – Executive Summary

From the moment a new business is approved to be part of the Lloyd's Market it has immediate access to the benefits and advantages of operating at Lloyd's. These include the security of Lloyd's rating, access to Lloyd's network of licences and efficient use of capital which can support the development of your business.

Each advantage comes with support from the Lloyd's central services team to help drive business development, underpinned by Lloyd's brand and reputation which contributes to making Lloyd's the undisputed global centre for specialist insurance and reinsurance.

Whether you are looking to establish a member, a syndicate or a managing agent, Lloyd's is looking for business partners whose strategy and business are aligned to our purpose and value proposition.



Core criteria we look at when assessing a new business include:

- **People**
 - Introducing new underwriting expertise or innovation into the Lloyd's market
 - Developing and retaining underwriting talent
 - Maintenance of Lloyd's strict underwriting discipline
- **Plan**
 - Increasing capacity within the Lloyd's Market (particularly in relation to new or emerging lines of business)
- **Capital**
 - Broadening new and existing Members' access to potential policyholders in new and emerging markets
 - Protection of the Central Fund

Lloyd's approval framework	Lloyd's groups involved
Stage 1: Enquiry – proof of concept	Business Opportunities Committee (BOC)
Stage 2: High Level Pitch (HLP)	BOC
Stage 3: Detailed Plan Presentation (DPP)	Full BOC
Stage 3a: (Syndicate) Lloyd's initial review of the SBF	Capital & Planning Group (CPG)
Stage 4: Lloyd's Board – "in principle" approval	The Board
Stage 5: Making it Happen	Business Development plus Standards subject matter experts
Stage 5a: (Syndicate) Agreement of Business plan and capital	CPG
Stage 6: Formal approval	Full BOC
Post approval: All new businesses are subject to enhanced oversight through the first years of trading	Lloyd's directorate representatives / CPG / Syndicate capability

Managing Agent and Syndicate Application Information

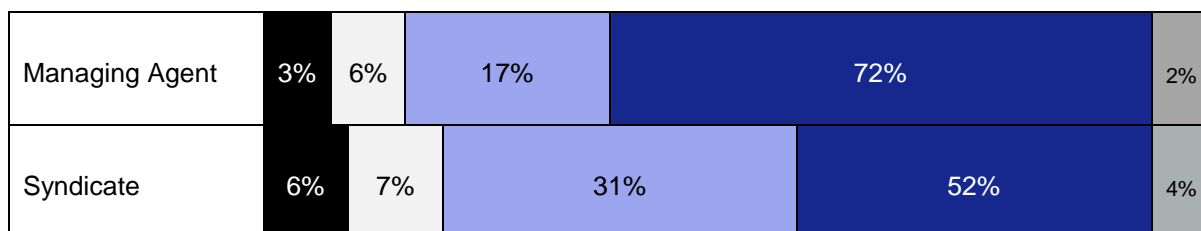
Application duration in months:

The following timelines are based on the mean average of new entrants approved since 2013. The duration of any application is heavily dictated by the applicant, but may be affected by certain Lloyd's constraints (eg. the business plan review process for existing syndicates, or the timing of Lloyd's committee meetings).

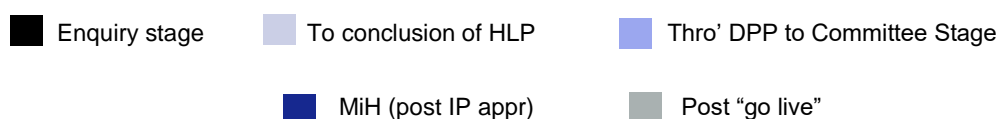
	Enquiry to HLP	HLP to DPP	DPP to BOC	Making it Happen ["In principle" approval to go live]
Managing Agent total 18 months	3.0	4.4	2.1	9.1
Syndicate Total 12 months	4.0	3.2	1.7	3.2

When application costs are incurred:

The following analysis is based on the mean average of new entrants approved since 2013. For both types of application, it can be seen that on average, the majority of cost is expended once an application has received "in principle" approval from Lloyd's Board (managing agent: 74%, syndicate: 56%)



(not to scale)



Capital required to support new syndicates:

The following examples [not to scale] show the average Gross Written Premium (GWP) for all new syndicates (excluding Special Purpose Arrangements) approved since 2013, along with the average loaded capital (ECA) requirement as a percentage of the GWP.

The capital (ECA) figure comprises the Syndicate Capital Requirement (SCR) plus Lloyd's 35% Economic Capital Uplift plus the new syndicate load (20% of the uplifted SCR for the first three years); the SCR for a new syndicate will be modelled by Lloyd's.

